EXHIBIT 1 TO AMENDED PLAN

AMENDMENT TO MEDIATION SETTLEMENT AGREEMENT

THIS AGREEMENT made and entered into this <u>30th</u> day of April, 2012, by and between WERNER KLEE and KATHLEEN KLEE, husband and wife, hereinafter known as "Klee", and MADRONA MORTGAGE and MADRONA MORTGAGE PROFIT SHARING PLAN & TRUST, herein both referred to as "Madrona",

WITNESSETH:

I. Recitations

- A. Klee and Madrona entered into a Mediation Settlement Agreement February 28, 2011, providing for the resolution of Madrona's seven claims filed in the Klee Chapter 11 (Case No. 09-49455), and Klee's adversary complaint No. 10-04396.
- B. In order to implement the original Agreement, certain changes to the Mediation Settlement Agreement are required. The parties are desirous of setting forth these changes in written form in this document. It is understood these changes are subject to court approval after notice to creditors and interested parties.

Now, Therefore, for and in consideration of the mutual covenants and benefits contained herein, the parties agree as follows:

II. Agreement

The original Agreement by and between Klee and Madrona, dated February 28, 2011, and approved by the bankruptcy court on April 12, 2011, is hereby amended in the following respects:

- A. <u>Amend Paragraph 5</u>. Prior to recording the deed in lieu specified in Paragraph 5, Klee is allowed to record drainfield easements as necessary to protect access for Lots 2 and 5, which belong to Ina Aust and Jennifer Klee, as set forth in the recorded large lot subdivision for this development.
 - B. Amend Paragraph 9. Madrona shall also have the option of requiring Klee to

AMENDMENT TO MEDIATION SETTLEMENT AGREEMENT Page 1 of 2

market the property secured by Madrona's deed of trust recorded under AFN 3338199, with a realtor to be chosen by Madrona, and at a price and terms specified by Madrona. At closing, any "comp tax" shall be split 50/50 between Klee and Madrona, and net proceeds payable to Madrona.

- C. <u>Amend Paragraph 10</u>. The parcel number listed in this paragraph is corrected to read 019120-006-000. Parcel No. 019114-005-000 was a typographical error, and is deleted. Also, claim allowed amount is corrected to read: \$72,835.83.
- D. <u>Amend Paragraph 11</u>. Madrona's deed of trust referenced therein shall now be satisfied by Klee and Madrona executing and recording a deed in lieu of foreclosure on a parcel secured by Madrona's deed of trust under AFN 3176798, other than the parcel to be selected by Madrona in paragraph 5 of the Mediation Settlement Agreement.

III. Continuation of Agreement

Except as amended herein, all other terms and conditions of the original Mediation Settlement Agreement shall remain in full force and effect.

EXECUTED in duplicate the date and year first aforementioned.

_/s/ Werner Klee	/s/Kathleen Klee	
Werner Klee	Kathleen Klee	
/s/ Richard Paroutaud	/s/ Joel Green	
Their Attorney Richard Paroutaud	Their Attorney Joel Green	
Then Attorney Richard Laroutaud	Then Attorney Joer Green	
/s/ RG Hanson		
		
Madrona Mortgage		
/ / T		
/s/ James Randall		
Their Attorney James Randall		

AMENDMENT TO MEDIATION SETTLEMENT AGREEMENT Page 2 of 2 $\,$